

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-25-07

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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the accompanying statements of net assets--enterprise fund and related statements of revenues, expenses and changes in fund net assets and cash flows--enterprise fund of **Housing Authority of St. Charles Parish (HASCP)**, as of and for the year ended September 30, 2006. These financial statements are the responsibility of **HASCP's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **HASCP's** internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HASCP**, as of September 30, 2006, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2007, on our consideration of HASCP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance.

The management's discussion and analysis on pages 3 through 10 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2007



**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of Housing Authority of St. Charles Parish (HASCP) presents the following discussion and analysis of its financial activities for the fiscal years ended September 30, 2006 and 2005. This discussion and analysis should be read in conjunction with HASCP's audited financial statements.

FINANCIAL HIGHLIGHTS

- **HASCP's assets exceeded its liabilities by \$2,677,287 and \$ 2,665,731 for the years ended September 30, 2006 and 2005.**
 - Of this amount, \$727,304 and \$653,533 of unrestricted assets for each period, may be used to met HASCP's ongoing obligations to citizens and creditors.
 - The remainder of \$1,949,983 and \$2,012,198 respectively, represents a restriction equal to the net amount invested in land, building and building improvements, equipment, and construction in progress.
- **HASCP's significant operating expenses for the years ended September 30, 2006 and 2005, were salaries and related benefits, depreciation, contractual services, utilities and housing assistance payments to landlords participating in its Housing Choice Voucher Program.**
- **Grants and subsidies from the Federal government constitutes 99.9 % for 2006 and 99.6% for 2005 of its non-operating revenues with dwelling rental and related revenues accounting for 100% of its operating revenues for the years ended September 30, 2006 and 2005.**

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis (MD&A) is intended to serve as an introduction to HASCP's basic financial statements. HASCP is a special-purpose government engaged in business type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of HASCP as a whole and present a longer term view of HASCP's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

Reporting on HASCP as a Whole

One of the most important questions asked about HASCP's finances, "Is HASCP as a whole better off, or worse off, as a result of the achievements of fiscal years 2006 and 2005?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about HASCP as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received.

Fund Financial Statements

All of the funds of HASCP are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. HASCP, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Low Rent Public Housing Program - HASCP's Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable HASCP to provide housing at a rent that is based upon 30% of adjusted gross household income.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Fund Financial Statements, Continued

Section 8 Housing Assistance - Housing Choice Voucher Program - The Housing Choice Voucher Program assist low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. HASCP is paid by HUD to administer the program.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for HASCP's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of HASCP's units.

Using this Annual Report

HASCP's annual report consists of financial statements that show combined information about HASCP's most significant funds, Low Rent Public Housing, Public Housing Voucher, and Pubic Housing Capital Fund Programs.

HASCP's auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A. That opinion is unqualified with respect to the basic financial statements. The auditors also provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

FINANCIAL ANALYSIS

HASCP's net assets were \$ 2,677,287 and \$2,665,731 at September 30, 2006 and 2005. Of this amount, \$1,949,983 and \$2,012,198 were invested in capital assets, and the remaining \$727,304 and \$653,533 were unrestricted at September 30, 2006 and 2005. No other specific assets are restricted. Also, there are no other restrictions on general net assets.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Condensed Financial Statements

Condensed Statement of Net Assets
September 30

ASSETS:	<u>2006</u>	<u>2005</u>
Current assets	\$ 880,933	\$ 705,766
Capital assets, net of accumulated depreciation	<u>1,949,983</u>	<u>2,012,198</u>
Total assets	<u>2,830,916</u>	<u>2,717,964</u>
LIABILITIES:		
Current liabilities	142,581	42,181
Non-current liabilities	<u>11,048</u>	<u>10,052</u>
Total liabilities	<u>153,629</u>	<u>52,233</u>
NET ASSETS:		
Invested in capital assets, net of related debt	1,949,983	2,012,198
Unrestricted	<u>727,304</u>	<u>653,533</u>
Total net assets	<u>\$ 2,677,287</u>	<u>\$ 2,665,731</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Condensed Financial Statements, Continued

The only significant change in HASCP's net assets at September 30, 2006 and 2005, was additions to capital assets.

**Condensed Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended September 30**

	<u>2006</u>	<u>2005</u>
Total operating revenues	\$ <u>173,642</u>	\$ <u>175,576</u>
Total operating expenses	(1,869,034)	(2,048,604)
Operating loss	(1,695,392)	(1,873,028)
Total non-operating revenues	<u>1,695,458</u>	<u>2,145,670</u>
Change in net assets	66	272,642
Net assets, beginning of year, as restated	<u>2,677,221</u>	<u>2,393,089</u>
Net assets, end of year	\$ <u>2,677,287</u>	\$ <u>2,665,731</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with prior fiscal year, total operating and non-operating revenues decreased by \$452,146 for 2006 and increased by \$205,095 for 2005 from a combination of larger offsetting factors

Reasons for most of these changes are listed below:

- Federal revenues from HUD for operations decreased from \$401,992 in 2005 to \$360,284 in 2006, and increased from \$347,034 in 2004 to \$401,992 in 2005, principally due to the past operations performance. The determination of operating grants is based upon a three year average of past operations performance.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

- Capital funds for modernization decreased from \$403,630 in 2005 to \$4,500 in 2006, and increased from \$247,908 in 2004 to \$403,630 in 2005 primarily due to the impact of Hurricane Katrina and the level of funding availability from HUD.
- Tenant revenues decreased from \$175,576 in 2005 to \$173,642 in 2006, and \$177,052 in 2004 to \$175,576 in 2005 in part because of changes in tenant's personal income, which serves as the basis for tenant rent payment level calculation.

Total operating expenses for the year ended September 30, 2006 decreased from \$2,048,604 in 2005 to \$1,869,034 in 2006, compared to the prior fiscal year, where total operating expenses increased from \$1,969,879 in 2004 to \$2,048,604 in 2005.

Reasons for most of these changes are listed below:

- For the year ended September 30, 2006, the most significant change in expenses was from housing assistance payments because of the level of leased-up units resulting from the impact of Hurricane Katrina.
- In 2005, the increase in costs resulted principally from an increase in contractual costs resulting from modernization activities.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2006 and 2005, HASCP had \$6,689,925 and \$ 6,584,681 prior to the effect of accumulated depreciation invested in a broad range of assets and construction in progress from projects, listed below. More detailed information about capital assets appears in the notes to the financial statements.

	Capital Assets, Net	
	SEPTEMBER 30	
	<u>2006</u>	<u>2005</u>
Capital assets	\$ 6,689,925	\$ 6,584,681
Less accumulated depreciation	(4,739,942)	(4,572,483)
Capital assets, net	\$ <u>1,949,983</u>	\$ <u>2,012,198</u>

Debt

HASCP at September 30, 2006 and 2005 has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HASCP is primarily dependent upon HUD for the funding of its operations; therefore HASCP is affected more by Federal budget than by local economic conditions. The operating budget for 2007 fiscal year has already been submitted to HUD for approval and no major changes are expected. The Capital Fund Programs are multiple year budgets and have remained relatively stable.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, and creditors with a general overview of HASCP's finances, and to show HASCP's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Leala Jackson, Executive Director, Housing Authority of St. Charles Parish Boutte, Louisiana, 200 Boutte Estates Drive, Boutte, Louisiana 70039.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF NET ASSETS--ENTERPRISE FUND
SEPTEMBER 30, 2006

ASSETS

Current Assets:

Cash and temporary cash investments (NOTE 2)	\$ 755,231
Restricted Cash (NOTE 3)	9,975
Amounts receivable, net (NOTE 7)	74,252
Prepaid items (NOTE 13)	37,510
Investment (NOTE 5)	<u>3,965</u>

Total current assets 880,933

Non-Current Assets:

Capital assets, net (NOTES 4 and 12)	<u>1,949,983</u>
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Total non-current assets 1,949,983

Total assets 2,830,916

LIABILITIES

Current Liabilities:

Amounts and other payables (NOTE 6)	124,940
Compensated absences payable (NOTE 15)	6,166
Security deposits held for tenants (NOTE 3)	9,975
Deferred revenues	<u>1,500</u>

Total current liabilities 142,581

Non-Current Liabilities:

Compensated absences payable (NOTE 15)	<u>11,048</u>
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Total non-current liabilities 11,048

Total liabilities 153,629

NET ASSETS

Net Assets:

Investment in capital assets, net of related debt	1,949,983
Unrestricted	<u>727,304</u>

Total net assets \$ 2,677,287

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Operating Revenues:	
Dwelling rental	\$ 159,318
Fees and charges	<u>14,324</u>
Total operating revenues	<u>173,642</u>
Operating Expenses:	
Salaries and employee benefits	198,853
Materials and supplies	20,933
Contractual services	186,654
Utilities	219,484
Garbage and trash removal	14,110
Depreciation	167,458
Insurance	54,522
Housing assistance payments	958,883
Convention and travel	3,586
Training	2,206
Postage and printing	1,580
Bad debts	2,950
Telephone	7,178
Fees	5,294
Casualty loss	8,250
Advertising	1,506
Computer software	8,085
Equipment rental	4,134
General	<u>3,368</u>
Total operating expenses	<u>1,869,034</u>
Operating loss	<u>(1,695,392)</u>
Non-operating Revenues:	
Federal grants and subsidies	1,679,846
Interest income	7,220
Other	<u>8,392</u>
Total non-operating revenues	<u>1,695,458</u>
Net income	66
Net assets, beginning of year, as restated (NOTE 16)	<u>2,677,221</u>
Net assets, end of year	<u>\$2,677,287</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Cash Flows form Operating Activities:	
Receipts from tenants	\$ 171,300
Receipts from others	69,059
Interest received	7,220
Payments to suppliers for goods and services	(554,703)
Payments to employees	(199,453)
Payments to landlords	<u>(958,883)</u>
Net cash used by operating activities	(1,465,460)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(113,140)</u>
Cash used by capital and related financing activities	<u>(113,140)</u>
Cash Flows from Noncapital Financing Activities:	
Subsidy from federal grants	<u>1,711,895</u>
Cash provided by noncapital financing activities	<u>1,711,895</u>
Cash Flows from Investing Activities:	
Proceeds from the sale of investment	<u>(89)</u>
Cash provided by investing activities	<u>(89)</u>
Net increase in cash	133,206
Cash and temporary cash investments, beginning of year	<u>632,000</u>
Cash and temporary cash investments, end of year	<u>\$ 765,206</u>

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Reconciliation of Operating Loss to Net Cash Used

by Operating Activities:

Operating loss	\$ (1,695,392)
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Adjustment to Reconcile Operating Loss to Net Cash

Used by Operating Activities:

Depreciation	167,458
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Bad debt	2,950
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Changes in net assets and liabilities:

Increase in amounts receivable, net	(39,636)
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Increase in prepaid items	(2,236)
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Increase in amounts and other payables	99,644
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Decrease in security deposits held for tenants	(1,000)
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Increase in deferred revenues	1,500
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Increase in compensated absences payable	<u>1,252</u>
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Net cash used by operating activities	<u><u>\$ (1,465,460)</u></u>
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The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Summary of Significant Accounting Policies

Background

The Housing Authority of St. Charles Parish (HASCP) is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. HASCP has been contracted by HUD to administer the Low-Rent Public Housing and Housing Choice Voucher Programs respectively under Annual Contributions Contracts.

As of September 30, 2006, HASCP was primarily engaged in the administration of Low-Rent Public Housing and Housing Choice Voucher Programs to low-income residents in Boutte, Hahnville, and Des Allemands, Louisiana.

Under the Low-Rent Public Housing Program, HASCP provides eligible families housing under leasing arrangements. For the Housing Choice Voucher Program, HASCP provides funds in the form of rental subsidies to owners on behalf of the tenants.

Financial Reporting Entity

HASCP has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of Boutte.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Financial Reporting Entity, Continued

HASCP was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HASCP** is a financial reporting entity within the meaning of the provisions of GASB 14. Accordingly, **HASCP** is not a component unit of the financial reporting entity of the City of Boutte. Also, **HASCP** has no component units for financial reporting purposes as described with the provisions of GASB Statements No.'s 14 and 39.

Basis of Presentation

As required by Louisiana State Reporting Law (LSA-RS 24:514) and HUD regulations, the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HASCP** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HASCP** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HASCP's** proprietary fund include the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

**Measurement Focus and Basis of Accounting and
Financial Statement Presentation**

HASCP adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* effective October 1, 2003. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components- invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

**Measurement Focus and Basis of Accounting and
Financial Statement Presentation, Continued**

The term measurement focus is used to denote what is being measured and reported in HASCP's operating statement. HASCP's financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether HASCP is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on HASCP's operating statement. HASCP uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Under the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions) effective for fiscal years that began after June 15, 2000, HASCP recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- HASCP recognizes assets and liabilities when all applicable eligibility requirements are met or resources received whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met;
- For transactions with time requirement(s), resources received prior to the satisfaction of the time requirement(s) are recorded as deferred revenues; and
- Transactions with no time requirement(s) are recorded by HASCP as revenues upon award.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Budget

HASCP prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year October 1, the annual budget is approved by the Board of Commissioners. Also, budgetary amendments require approval by the Board. HASCP does not present its budget to actual comparison for the enterprise fund as part of its financial statement as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Board.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, HASCP considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Capital Assets

Capital assets are recorded at cost or estimated cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

Structures and equipment with a cost of \$300 or more are capitalized and are depreciated in the enterprise fund of HASCP using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	33
Building improvements	15
Equipment	3-7

Under accounting principles generally accepted in the United States of America, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flow is less than the carrying value amount of the asset, an impairment loss should be recognized. At September 30, 2006, management has not estimated the effect of adoption of Statement of Financial Accounting Statement No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets".

Compensated Absences

HASCP follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities are netted at the combined financial statements level.

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - Cash and Temporary Cash Investments:

At September 30, 2006, HASCP's cash and temporary cash investments consisted of the following:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>
Cash and Money Fund	Varying Rate	\$ 666,155	\$666,155
Money Market Funds	4.26	6,948	6,948
Money Market Funds	4.73	77,536	77,536
Money Market Funds	2.32	4,267	4,267
Cash	N/A	<u>325</u>	<u>325</u>
Total		<u>\$ 755,231</u>	<u>\$755,231</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash and Temporary Cash Investments, Continued

At September 30, 2006, the carrying amount of HASCP's cash deposits was \$755,231 and the cumulative bank balance was \$778,375. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in HASCP's name.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of HASCP.

Custodial credit risk is the risk that in the event of a failure by the financial institution, HASCP's deposits may not be returned to it. HASCP has no deposit policy for custodial credit risk; however, none of HASCP's bank balances were exposed to custodial credit risk, since the pledged securities were in the joint names of HASCP and the financial institution.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by HASCP or with an unaffiliated bank or trust company for the account of HASCP.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Restricted Cash:

At September 30, 2006, restricted cash consisted of \$9,975 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

NOTE 4 - Capital Assets, net:

At September 30, 2006, capital assets consisted of the following:

	Balance October 1, 2005	Additions	Transfers/ Reclassifications	Balance September 30, 2006
Land	\$ 13,028	\$ -0-	\$ -0-	\$ 13,028
Buildings and building improvements	6,280,416	100,744	103,893	6,485,053
Equipment	291,237	-0-	(103,893)	187,344
Construction-in-progress	<u>-0-</u>	<u>4,500</u>	<u>-0-</u>	<u>4,500</u>
Sub-total	6,584,681	105,244	-0-	6,689,925
Less accumulated depreciation	<u>(4,572,483)</u>	<u>(167,458)</u>	<u>(1)</u>	<u>(4,739,942)</u>
Total	<u>\$2,012,198</u>	<u>\$ (62,214)</u>	<u>\$ (1)</u>	<u>\$ 1,949,983</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - Investment:

At September 30, 2006, investment consisted of a certificate of deposit with interest and maturity as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>	<u>Rate (%)</u>	<u>Maturity</u>
Certificate of deposit	\$ <u>3,965</u>	\$ <u>3,965</u>	2.3 %	1/11/2007
Total	\$ <u>3,965</u>	\$ <u>3,965</u>		

NOTE 6 - Amounts and Other Payables:

At September 30, 2006, amounts and other payables consisted of the following:

Vendors	\$ 12,052
Accrued payroll taxes payable	529
Amounts payable - other	<u>112,359</u>
Total	\$ <u>124,940</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7 - Amounts Receivable, Net:

At September 30, 2006, amounts receivable, net consisted of the following:

Amounts receivable - HUD	\$ 1,500
Amounts receivable - tenants	6,408
Amounts receivable - other	<u>69,344</u>
Sub-total	77,252
Less: allowance for doubtful accounts	<u>(3,000)</u>
Total	<u>\$ 74,252</u>

NOTE 8- Retirement System:

Plan Description

HASCP participates in a single employer defined contribution plan. The Housing Authority of St. Charles Parish Retirement Plan (the Plan) is authorized and may be amended by the Board of Commissioners.

Plan Funding

Funding for the plan is through a contribution of 7% and 5% by **HASCP** and its employees, respectively. The contribution amount is based on the employee's base salary each month.

HASCP's gross payroll for participating employees for the year ended September 30, 2006, was \$159,662. **HASCP** and employee contributions made using base salary amounted to \$5,083 and \$3,055, respectively.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 9 - Risk Management:

HASCP is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which HASCP carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - Concentration of Credit Risk:

HASCP receives primarily all of its revenues from dwelling rentals and HUD. If the amount of revenues received from both dwelling rentals and HUD falls below contract levels, HASCP's operating results could be adversely affected.

NOTE 11 - Contingencies:

HASCP is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to HASCP. These examinations may result in required refunds by HASCP to the agencies and/or program beneficiaries.

NOTE 12 - Commitments:

At September 30, 2006, HASCP, has executed agreements with HUD totaling \$352,045 for various modernization projects in progress. Balance of funds remaining at September 30, 2006, was \$347,545. (see Schedule V).

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - Prepaid Items:

At September 30, 2006, prepaid items consisted of the following:

Prepaid insurance	\$ 31,231
Prepaid maintenance contract	<u>6,279</u>
Total	<u>\$ 37,510</u>

NOTE 14 - Per Diem to Board Members:

During the year ended September 30, 2006, no board member received per diem in his or her capacity as commissioner.

NOTE 15 - Changes in Compensated Absences Payable:

The following summarizes changes in compensated absences payable at September 30, 2006.

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Beginning of year	\$ 5,910	\$ 10,052	\$ 15,962
Addition	6,166	6,166	12,332
Retirement	<u>(5,910)</u>	<u>(5,170)</u>	<u>(11,080)</u>
End of year	<u>\$ 6,166</u>	<u>\$11,048</u>	<u>\$17,214</u>

NOTE 16 - Adjustments to Beginning Net Assets:

Adjustments to beginning net assets reflect the cumulative effect of adjustments resulting from equity transfers.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Our report on our audit of the financial statements of **Housing Authority of St. Charles Parish (HASCP)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, IV, and V) which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

Also, the supplementary information (Exhibits I and II), which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2007

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND
SEPTEMBER 30, 2006

	Low Rent Public Housing Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Total (Memorandum Only)
<u>ASSETS</u>				
Cash and temporary cash investments	\$ 337,724	\$ 417,507	\$ -0-	\$ 755,231
Restricted cash	9,975	-0-	-0-	9,975
Amounts receivable, net	72,194	558	-0-	72,752
Amounts receivable - HUD	-0-	-0-	1,500	1,500
Prepaid items	31,264	6,246	-0-	37,510
Investment	3,965	-0-	-0-	3,965
Interprogram due from	1,500	33,406	-0-	34,906
Capital assets, net	<u>1,931,159</u>	<u>14,324</u>	<u>4,500</u>	<u>1,949,983</u>
Total assets	<u>2,387,781</u>	<u>472,041</u>	<u>6,000</u>	<u>2,865,822</u>
<u>LIABILITIES</u>				
Amounts and other payables	\$ 124,129	\$ 811	\$ -0-	\$ 124,940
Compensated absences payable	11,242	5,972	-0-	17,214
Security deposits held for tenants	9,975	-0-	-0-	9,975
Deferred revenues	-0-	1,500	-0-	1,500
Interprogram due to	<u>33,406</u>	<u>-0-</u>	<u>1,500</u>	<u>34,906</u>
Total liabilities	<u>178,752</u>	<u>8,283</u>	<u>1,500</u>	<u>188,535</u>

See Independent Auditors' Report on Supplementary Information.

EXHIBIT I
Page 2 of 2

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND, CONTINUED
SEPTEMBER 30, 2006

	Low Rent Public Housing Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Total (Memorandum Only)
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	\$ 1,931,159	\$ 14,324	\$ 4,500	\$ 1,949,983
Unrestricted	<u>277,870</u>	<u>449,434</u>	<u>-0-</u>	<u>727,304</u>
Total net assets	<u>\$ 2,209,029</u>	<u>\$ 463,758</u>	<u>\$ 4,500</u>	<u>\$ 2,677,287</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUETTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Low Rent Public Housing Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Total (Memorandum Only)
Operating Revenues:				
Dwelling rental	\$ 159,318	\$ -0-	\$ -0-	\$ 159,318
Fees and charges	14,324	-0-	-0-	14,324
Total operating revenues	173,642	-0-	-0-	173,642
Operating Expenses:				
Salaries and employee benefits	142,074	56,779	-0-	198,853
Materials and supplies	17,402	3,531	-0-	20,933
Contractual services	136,703	49,951	-0-	186,654
Utilities	219,484	-0-	-0-	219,484
Garbage and trash removal	14,110	-0-	-0-	14,110
Depreciation	161,112	6,346	-0-	167,458
Insurance	45,390	9,132	-0-	54,522
Housing assistance payments	-0-	958,883	-0-	958,883
Convention and travel	2,258	1,328	-0-	3,586
Training	1,578	628	-0-	2,206
Postage and printing	271	1,309	-0-	1,580
Bad debt	2,950	-0-	-0-	2,950
Telephone	4,891	2,287	-0-	7,178
Fees	-0-	5,294	-0-	5,294
Casualty loss	8,250	-0-	-0-	8,250
Advertising	1,494	12	-0-	1,506
Computer software	4,248	3,387	-0-	8,085
Equipment rental	1,838	2,296	-0-	4,134
General	1,765	1,603	-0-	3,368
Total operating expenses	765,818	1,103,216	-0-	1,869,034
Operating loss	(592,176)	(1,103,216)	-0-	(1,695,392)

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Low Rent Public Housing Program	Housing Choice Voucher Program	Public Housing Capital Fund Program	Total (Memorandum Only)
Non-operating revenues:				
Federal grants and subsidies	\$ 360,284	\$ 1,315,062	\$ 4,500	\$1,679,846
Interest income	5,397	1,823	-0-	7,220
Other	72	8,320	-0-	8,392
Total non-operating revenues	<u>365,753</u>	<u>1,325,205</u>	<u>4,500</u>	<u>1,695,458</u>
Net income (loss)	(226,423)	221,989	4,500	66
Net assets, beginning of year, as restated	<u>2,435,452</u>	<u>241,769</u>	<u>-0-</u>	<u>2,677,221</u>
Net assets, end of year	<u>\$2,209,029</u>	<u>\$ 463,758</u>	<u>\$ 4,500</u>	<u>\$ 2,677,287</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE ST. CHARLES PARISH
BOUTTE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:			
<u>Subject to Annual Contributions Contracts</u>			
Low Rent Public Housing Program	*14.850a	FW-1450	\$ 360,284
Housing Choice Voucher Program	*14.871	FW-2258	1,315,062
Public Housing Capital Fund Program	*14.872	FW-1450	<u>4,500</u>
Total			\$ <u>1,679,846</u>

*Denotes major program as defined by OMB Circular A-133.

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HASCP and is presented on an accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
SEPTEMBER 30, 2006

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM ONLY)
111	Cash - unrestricted	\$ 337,724	\$ 417,507	\$ -0-	\$ 755,231
114	Cash - tenant security deposits	<u>9,975</u>	<u>-0-</u>	<u>-0-</u>	<u>9,975</u>
100	Total cash	<u>347,699</u>	<u>417,507</u>	<u>-0-</u>	<u>765,206</u>
122	Accounts receivable - HUD other projects	-0-	-0-	1,500	1,500
125	Accounts receivable - miscellaneous	68,786	558	-0-	69,344
126	Accounts receivable - tenants dwelling rents	6,408	-0-	-0-	6,408
126.1	Allowance for doubtful accounts-dwelling rents	<u>(3,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>(3,000)</u>
120	Total receivables, net of allowance for doubtful accounts	<u>72,194</u>	<u>558</u>	<u>1,500</u>	<u>74,252</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA

FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2006

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM ONLY)
131	Investments - unrestricted	\$ 3,965	\$ -0-	\$ -0-	\$ 3,965
142	Prepaid expenses and other assets	31,264	6,246	-0-	37,510
144	Interprogram due from	1,500	33,406	-0-	34,906
150	Total current assets	456,622	457,717	1,500	915,839
161	Land	13,028	-0-	-0-	13,028
162	Buildings	6,485,053	-0-	-0-	6,485,053
163	Furniture, equipment & machinery- dwellings	86,155	2,080	-0-	88,235
164	Furniture, equipment & machinery- administration	72,045	27,064	-0-	99,109
166	Construction-in-progress	(4,725,122)	(14,820)	-0-	(4,739,942)
167	Accumulated depreciation	-0-	-0-	4,500	4,500
160	Total capital assets, net of accumulated depreciation	1,931,159	14,324	4,500	1,949,983
180	Total non-current assets	1,931,159	14,324	4,500	1,949,983
190	Total assets	\$ 2,387,781	\$ 472,041	\$ 6,000	\$ 2,865,822

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUETTE, LOUISIANA
FINANCIAL DATA SCHEDULE—COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2006

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING PROGRAM</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
312	Accounts payable <= 90 days	\$ 11,241	\$ 811	\$ -0-	\$ 12,052
321	Accrued wage/payroll taxes payable	529	-0-	-0-	529
322	Accrued compensated absences-current portion	4,574	1,592	-0-	6,166
333	Accounts payable - other	112,359	-0-	-0-	112,359
341	Tenant security deposits	9,975	-0-	-0-	9,975
342	Deferred revenues	-0-	1,500	-0-	1,500
347	Interprogram due to	33,406	-0-	1,500	34,906
310	Total current liabilities	172,084	3,903	1,500	177,487
354	Accrued compensated absences-non-current	6,668	4,380	-0-	11,048
350	Total non-current liabilities	6,668	4,380	-0-	11,048
300	Total liabilities	178,752	8,283	1,500	188,535

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2006

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING PROGRAM</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
508.1	Invested in capital assets, net of related debt	\$ 1,931,159	\$ 14,324	\$ 4,500	\$ 1,949,983
512.1	Unrestricted net assets	277,870	449,434	-0-	727,304
513	Total net assets	2,209,029	463,758	4,500	2,677,287
600	Total liabilities and net assets	\$2,387,781	\$ 472,041	\$ 6,000	\$2,865,822

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING PROGRAM</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
703	Net tenant rental revenue	\$ 159,318	\$ -0-	\$ -0-	\$ 159,318
704	Tenant revenue - other	<u>14,324</u>	<u>-0-</u>	<u>-0-</u>	<u>14,324</u>
705	Total tenant revenues	<u>173,642</u>	<u>-0-</u>	<u>-0-</u>	<u>173,642</u>
706	HUD PHA operating grants	360,284	1,315,062	-0-	1,675,346
706.1	Capital grants	-0-	-0-	4,500	4,500
711	Investment income - unrestricted	5,397	1,823	-0-	7,220
714	Fraud recovery	-0-	8,302	-0-	8,302
715	Other revenue	<u>72</u>	<u>18</u>	<u>-0-</u>	<u>90</u>
700	Total revenues	<u>\$539,395</u>	<u>\$1,325,205</u>	<u>\$ 4,500</u>	<u>\$ 1,869,100</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUQUET, LOUISIANA
FINANCIAL DATA SCHEDULE—COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM ONLY)
911	Administrative salaries	\$ 59,567	\$ 40,874	\$-0-	\$ 100,441
912	Auditing fees	5,255	5,255	-0-	10,510
913	Outside management fees	82,900	-0-	-0-	82,900
914	Compensated absences	-0-	3,127	-0-	3,127
915	Employee benefit contributions- administrative	13,015	12,778	-0-	25,793
916	Other operating-administrative	33,521	60,987	-0-	94,508
922	Relocation costs	150	-0-	-0-	150
931	Water	56,394	-0-	-0-	56,394
932	Electricity	11,971	-0-	-0-	11,971
933	Gas	60,631	-0-	-0-	60,631
938	Other utilities expense	90,488	-0-	-0-	90,488
941	Ordinary maintenance and operations- labor	<u>57,345</u>	<u>-0-</u>	<u>-0-</u>	<u>57,345</u>
	Page total	<u>471,237</u>	<u>123,021</u>	<u>-0-</u>	<u>594,258</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA

FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING PROGRAM</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
942	Ordinary maintenance and operations- materials and other	\$ 14,960	\$ 520	\$ -0-	\$ 15,480
943	Ordinary maintenance and operations- contract costs	49,772	20		49,792
945	Employee benefit contributions- ordinary maintenance	12,147	-0-	-0-	12,147
961	Insurance premiums	45,390	9,132	-0-	54,522
962	Other general expenses	-0-	5,294	-0-	5,294
964	Bad debt - Tenant rents	2,950	-0-	-0-	2,950
969	Total operating expenses	596,456	137,987	-0-	734,443
970	Excess (deficiency) of operating revenues over operating expenses	(57,061)	1,187,218	4,500	\$ 1,134,657

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING PROGRAM</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	Other Expenses:				
972	Casualty loss - non-capitalized	\$ 8,250	\$ -0-	\$ -0-	\$ 8,250
973	Housing assistance payments	-0-	958,883	-0-	958,883
974	Depreciation expense	161,112	6,346	-0-	167,458
900	Total expenses	765,818	1,103,216	-0-	1,869,034
1000	Excess (deficiency) of revenues over expenses	\$ (226,423)	\$ 221,989	\$ 4,500	\$ 66
1103	Beginning equity/net assets	\$ 2,083,750	\$ 231,301	\$ 350,680	\$ 2,665,731
1104	Prior period adjustments, equity transfers, and correction of errors	351,702	10,468	(350,680)	11,490
	Beginning equity/net assets, as adjusted	\$2,435,452	\$ 241,769	\$ -0-	\$ 2,677,221

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA

STATEMENT OF CAPITAL FUND PROGRAM--(COMPLETE)

From Inception through September 30, 2006

	<u>LA-48P094501-03</u>	<u>LA-48P094502-03</u>	<u>LA-48P094501-04</u>	<u>TOTALS</u>
Funds approved	\$ 176,346	\$ 37,246	\$ 206,356	\$ 419,948
Funds expended	<u>(176,346)</u>	<u>(37,246)</u>	<u>(206,356)</u>	<u>(419,948)</u>
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Funds advanced: Grant funding	\$ <u>176,346</u>	\$ <u>37,246</u>	\$ <u>206,356</u>	\$ <u>419,948</u>
Total funds advanced	176,346	37,246	206,356	419,948
Funds expended	<u>(176,346)</u>	<u>(37,246)</u>	<u>(206,356)</u>	<u>(419,948)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE: The cost shown on the Actual Modernization Cost Certificate for the Capital Fund Program submitted to HUD for approval is in agreement with HASC's records and all cost and liabilities associated with it have been paid.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE V

HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA

STATEMENT OF CAPITAL FUND PROGRAM--(INCOMPLETE)

From Inception through September 30, 2006

	<u>LA-48PO94502-05</u>	<u>LA-48PO94501-06</u>	<u>TOTALS</u>
Funds approved	\$ 181,687	\$ 170,358	\$352,045
Funds expended	<u>(4,500)</u>	<u>-0-</u>	<u>(4,500)</u>
Excess (deficiency) of funds approved	\$ <u>177,187</u>	\$ <u>170,358</u>	\$ <u>347,545</u>
Funds advanced: Grant funding	\$ <u>3,000</u>	\$ <u>-0-</u>	\$ <u>3,000</u>
Total funds expended	3,000	-0-	3,000
Funds expended	<u>(4,500)</u>	<u>-0-</u>	<u>(4,500)</u>
Excess (deficiency) of funds advanced	\$ <u>(1,500)</u>	\$ <u>-0-</u>	\$ <u>(1,500)</u>

See Independent Auditors' Report on Supplementary Information.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the financial statements of **Housing Authority of St. Charles Parish (HASCP)** as of and for the year ended September 30, 2006, and have issued our report thereon dated March 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HASCP's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of HASCP in a separate letter dated March 28, 2007.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HASCP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2006-01, 2006-02 and 2006-03.

This report is intended solely for the information and use of the Board of Commissioners, HASCP's management, the United States Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2007

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Certified Public Accountants
Society of Louisiana
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Compliance

We have audited the compliance of Housing Authority of St. Charles Parish (HASCP) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2006. HASCP's major federal program is identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of HASCP's management. Our responsibility is to express an opinion on HASCP's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Compliance, Continued

An audit includes examining, on a test basis, evidence about HASCP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on HASCP's compliance with those requirements.

In our opinion, HASCP complied, in all material respects, with the requirements previously referred to that are applicable to its major federal program for the year ended September 30, 2006. However, the results of our auditing procedures disclosed instances of non compliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2006-01, 2006-02 and 2006-03.

Internal Control Over Compliance

The management of HASCP is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered HASCP's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information and use of the Board of Commissioners, HASCP's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2007

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition (s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings were reported for the year ended September 30, 2006.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section III - Federal Award Findings and Questioned Costs

Reference Number

2006-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

HASCP's procurement policy states as follows:

"Procurement requirements are subject to an annual planning process to assure efficient and economical purchasing; contracts and modifications are in writing, clearly specifying the desired supplies, services, or construction and are supported by sufficient documentation regarding the history of the procurement, including as a minimum the method of procurement chosen, the selection of the contract type, the rationale for selecting or rejecting offers, and the basis for the contract price."

Condition

Our review of selected cash disbursements for the year ended September 30, 2006, revealed an instance where professional legal services for Low Rent, Housing Choice Voucher and Capital Fund Programs, were not procured in accordance with HASCP's procurement policy.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2006-01

Questioned Costs

None.

Context

Total federal award expenditures incurred for the year ended September 30, 2006 was \$1,679,846. Of this amount, legal expenses amounted to \$38,372 or 2.3%.

Effect

Non-compliance with Board Policy.

Cause

Lack of an effective monitoring system to ensure compliance with Board policy.

Recommendation

We recommend that management comply with the procurement requirements of its policy as directed by the Board.

Management's Response

Management anticipates resolution by no later than September 30, 2007 via the procurement of legal services.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2006-02

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR 5 subpart F income eligibility and tenant rent payment amount must be determined using documentation resulting from third party verification.

Condition

In nine (9) instances of twenty-one (21) files reviewed, we noted where the projected family income used in the determination of income eligibility and tenant rent amount was not based on verified income.

It is our understanding through discussion with management that effective September 22, 2006, the Social Security Administration is no longer verifying income for incoming and/or existing tenants.

Context

Total federal award for the Housing Choice Voucher Program was \$ 1,315,062 or seventy-eight (78) percent of the total federal awards for the year ended September 30, 2006.

Questioned Costs

None.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2006-02

Effect

Non-compliance with the requirements of 24CFR and Board policy.

Cause

Change in third party income verification policy by the Social Security Administration.

Recommendation

We recommend that management explore ways to comply with the requirements of 24 CFR regarding tenant income verification.

Management's Response

Management has been using the only system currently available. Existing participants can be verified through HUD's current EIV system; however, new participants coming on to the program must submit their annual award letters. We will send out to other Agencies in order to obtain the verification. Also, all nine (9) instances where third party verification was not available were new participants. Management will continue to explore avenues to include HUD's "REAC" income database to ensure compliance with the requirement of 24 CFR.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2006-03

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR part 908 and Section 982.158, HASCP is required to submit form HUD-50058 (Family Report) electronically each time it completes an admission, annual examination and/or re-examination, portability, move in or change of unit for a family.

Condition

In one (1) instance of twenty-one (21) files reviewed, we noted an instance where the head of household was not included on the completed form HUD 50058.

Context

Funding for the Housing Choice Voucher Program was \$1,315,062 or seventy-eight (78) percent of HASCP's total federal award for the year ended September 30, 2006.

Questioned Costs

None.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2006-03

Effect

Noncompliance with the requirements of 24CFR and Board policy.

Cause

Oversight on the part of staff.

Recommendation

We recommend compliance with the requirements of 24 CFR parts 908 and 982.158.

Management's Response

HASCP does comply with the requirements of 24 CFR parts 908 and 982.158. However, a mistake was evidently made where the head of household was accidentally deleted in processing the file. We will continue to comply and monitor our work closer.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section IV - Status of Prior Years' Findings and Questioned Costs

Reference Number

2005-01

Condition

Our review of selected cash disbursements for the year ended September 30, 2005, revealed the following conditions:

Professional consultation services secured by HASCP and rendered in connection with the management of its Capital Fund, Low Rent and Housing Choice Voucher Programs, were not procured for the total cost of services of \$103,064.

We noted through review and discussion with management, that the initial consultation service was procured for the Capital Fund Program in an amount totaling approximately \$ 40,000. However, subsequent services rendered were without the benefit of procurement pursuant to HASCP's policy.

- Professional legal services for Low Rent and Housing Choice Voucher Programs, were not procured in accordance with HASCP's procurement policy.

Recommendation

We recommend that management comply with the procurement requirements of its policy as directed by the Board.

Current Status

Partially resolved. See current year's finding reference number 2006-01.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2005-02

Condition

HASCP maintains its applicant waiting list activities on a "real time" basis. As such, we were not able to apply audit procedures in order to ascertain compliance with the requirements of 24 CFR 982.202 through 982.207 for one (1) of the five (5) new admissions placed during the year ended September 30, 2005. Through alternative audit procedures, we were able to satisfy ourselves with the admission compliance of four (4) of the five (5) program participants, as previously described.

Recommendation

HASCP should consider the retention of a hard copy and/or a back-up copy of the files once the admission processing is complete to support acceptance or rejection of applicants in accordance with HUD regulations and HASCP's policy.

Current Status

Resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2005-03

Condition

Our review of five (5) Low Rent Program files revealed the following conditions:

- All five (5) files were without the benefit of an updated utility allowance amount;
- HASCP maintains the applicant waiting list on a "real time" basis as such we were unable to apply audit tests in order to ascertain compliance with the requirements for new admissions during the year ended September 30, 2005 on (5) files selected for testing; and
- For two (2) of the five (5) files selected for testing, we were unable to verify that HASCP re-examined family income and family composition on an annual basis. However, we noted correspondence in the files to the respective tenants requesting an appointment for their annual re-certification.

Recommendation

We recommend that management evaluate its current program monitoring processes with an aim towards ensuring the maintenance of a system to ensure compliance with all program requirements.

Current Status

Resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2004-01

Condition *

The September 30, 2004 operating budgeted to actual report for the Low Rent Public Housing Program prepared by its fee accountant, reflects budget overturns in the utilities and ordinary maintenance categories. Total routine expenses for the year ended September 30, 2004 before audit adjustments was \$ 500,161 versus the budgeted amount of \$ 454,960. Further review revealed that approximately ninety-eight (98) percent of the overrun was attributable to utilities cost increases caused by inflationary pressures.

Recommendation

Management should revisit with its current budgeted to actual monitoring procedures, with an aim toward ensuring the timely identification and preparation for submission to its Board for approval, potential budget line item adjustments as necessary.

Current Status

Unresolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2004-02

Condition

Currently, HASCP maintains its applicant waiting list activities on a "real time" basis. As such, we were unable to apply audit tests in order to ascertain compliance with the requirements of 24 CFR 982.202 through 982.207 for new admission during the year ended September 30, 2004 for ten (10) selected residents.

It is our understanding through discussion with management that HASCP followed its established policies and the requirements of 24 CFR section 982 in the placement of applicants.

Recommendation

HASCP should consider the retention of a hard copy and/or back up copy of the files once the admission processing is complete to support acceptance or rejection of applicants.

Current Status

Resolved.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

2000-02 and 1999-01

***Condition**

The general ledger and related subsidiary ledger for fixed assets prepared by HASCP's fee accountant, does not include all inventory items for appliances owned by HASCP. We noted the most recent correspondence dated February 22, 2001 from the Executive Director of HASCP to the fee accountant for HASCP requesting the recordation of the necessary "book to physical" adjustments in order to properly state fixed assets.

The total value of the inventory prior to the effect of accumulated depreciation is approximately \$40,000. It is our understanding based on discussion with the fee accountant that the necessary adjustment will be recorded in the current fiscal year.

Recommendation

We recommend that immediate action should be undertaken by management of HASCP to resolve the referenced condition.

Current Status

Unresolved. Management has been in contact with its fee accountant to resolve this condition. Management anticipates resolution by no later than September 30, 2007.

*Repeated

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

EXIT CONFERENCE

September 30, 2006

The financial statements and related reports were discussed at an exit conference held with management of Housing Authority of St. Charles Parish noting their agreement in all material respects.

Those that participated in the discussions are as follows:

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

Mrs. Leala Jackson
Mrs. Charlene Peoples

– Executive Director
– Manager

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA

– Partner

Mr. Alcide J. Tervalon, III, MBA

– Staff Accountant



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Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Commissioners
Housing Authority of the City of St. Charles Parish
Boutte, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of the City of St. Charles Parish (HACSP)** as of and for the year ended September 30, 2006, we considered HACSP's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. We previously reported on HACSP's internal control in our report dated March 28, 2007. This letter does not affect our report dated March 28, 2007 on HACSP's internal control or its financial statements.

Also as a part of our audit, we discussed with management the current status of prior year's management letter comments. We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Current Year's Comments to Management

The following summarizes our comments and suggestions concerning those matters:

Condition

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- Consistent with prior year, HASCP as of March 28, 2007 (last day of fieldwork) had outstanding from its fee accountant, financial statements to include related general ledgers, bank account reconciliations, etc., for the periods from December 2006 through February 2007. Also, we noted payment on invoices submitted by the fee accountant with outstanding deliverables (December 2006 through February 2007) in the form of monthly financial statements and related general ledgers, bank account reconciliations, etc. The absence of monthly financial statements impacts management and the Board's ability to provide timely oversight over the financial activities of HASCP as well as make informed judgments;
- The September 30, 2006, general ledger for the Low Rent Program reflected petty cash on hand of \$ 325. However, based on discussion with management, HASCP has no petty cash on hand;
- The Voucher Choice Housing Program bank account reconciliation for the month ended September 30, 2006, included three (3) outstanding checks that were in excess of ninety (90) days. HASCP's policy for voids is sixty (60) days.
- Also, the Low Rent Public Housing Program bank account reconciliation for September 30, 2006 had two (2) stale dated checks dating as far back as August 2004;
- At September 30, 2006, general ledger control account balance for security deposits, did not agree to the detailed subsidiary ledger.
- The tenant accounts receivable control account did not agree to the subsidiary ledger at March 31, 2006;
- Check number 16500 paid in the amount of \$35.40 lacked the required invoice to support the disbursement;

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Current Year's Comments to Management, Continued

Condition, Continued

- No noted documented reconciliation of the IRS Form 941 to the general ledger; and
- Bank reconciliation statement for the month of September 2006, reflected a debit transaction for \$558. The fee accountant recorded the debit transaction as a receivable. However, no research has been undertaken through March 28, 2007 on the validity of the charge to HASCP.

Furthermore, we noted no evidence of review of the referenced reports and/or reconciliations by management.

Recommendation

Management of HASCP should evaluate its current internal control processes involving its financial reporting cycle as well as its contractual agreement regarding services rendered by others to HASCP. Management's objective should be aimed towards ensuring that the required level of internal control is maintained to facilitate the timely and effective monitoring and completeness of its financial activities.

Management's Response

Management of HASCP will take the necessary steps to address the required conditions to include a discussion with its fee accountant. Anticipated resolution date is September 30, 2007. Also, as a result of research by management, the debit charge for \$558 represents a housing assistance payment cashed in October 2005, but not charged by the bank in error to HASCP until August 2006. The fee accountant will be advised to record the necessary adjustment.

Condition

Considering the size of HASCP's personnel, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of HASCP's assets.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Current Year's Comments to Management, Continued

Recommendation

We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection activities, recordation of those receipts, depositing of funds collected, cash disbursements, recordation and procurement activities.

Current Status

Unresolved. See current year's comments to management section of this letter.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Status of Prior Year's Comments to Management

The following is a status of prior year's comments to management:

Condition

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- HASCP as of April 11, 2006 (last day of fieldwork) had outstanding from its fee accountant, financial statements to include related general ledgers, bank account reconciliations, etc., for the periods from December 2005 through March 2006. The absence of monthly financial statements impacts management and the Board's ability to provide timely oversight over the financial activities of HASCP as well as make informed judgements;
- The September 30, 2005, general ledger for the Low Rent Program reflected petty cash on hand of \$ 325. However, based on discussion with management, HASCP has no petty cash on hand;
- The Voucher Choice Housing Program bank account reconciliation for the month ended September 30, 2005, included seven (7) outstanding checks that were stale dated some as far back as October 2004;
- Also, the Low Rent Public Housing Program bank account reconciliation for September 30, 2005 had two (2) stale dated checks dating as far back as August 2004; and
- At September 30, 2005, general ledger control account balances for investments, prepaid insurance and accrued leave (current and non current) did not agree to the detailed subsidiary ledgers. Some of the accounts based on our review of the general ledger had not been updated since August 2005. Furthermore, we noted no evidence of review of these reports and/or reconciliations by management.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Status of Prior Year's Comments to Management, Continued

Recommendation

We recommend that management evaluate its current internal control processes involving its financial reporting cycle as well as its contractual agreement regarding services rendered by others to HASCP. Management's objective should be aimed towards ensuring that the required level of internal control is maintained to facilitate the timely and effective monitoring of its financial transactions.

Current Status

Unresolved. See current year's comments to management section of this letter.

Condition

Bank account reconciliations and financial statements prepared by HASCP's fee accountant lacked any evidence of a review and/or approval by an appropriate member of management. Also, one of the bank accounts maintained by HASCP had a stale dated (May 1, 2004) outstanding check.

Recommendation

We recommend that management review and approve all work prepared by its fee accountant. Furthermore, all stale dated checks should be investigated and resolved.

Current Status

Unresolved. See current year's comments to management section of this letter. Management anticipates the development of a procedure to initiate a periodic review by July 31, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Status of Prior Years' Comments to Management, Continued

Condition

For the year ended September 30, 2004, we noted an unfavorable budgeted to actual variance for the Capital Fund Program in the fees and cost category. However, we noted that the total cumulative cost at September 30, 2004 did not exceed the cumulative amount budgeted for the program.

Recommendation

Management should evaluate its current budgeted to actual monitoring system to facilitate the timely identification and adjustment of budget line items to eliminate potential budget overruns.

Current Status

Partially resolved. See current year's comments to management section of this letter.

Condition

The September 30, 2004 general ledger and related subsidiary ledger for capital assets prepared by HASCP's fee accountant does not include all inventory items (capitalized and non-capitalized) for appliances owned by HASCP.

Recommendation

Management should seek immediate resolution to the above condition.

Current Status

Unresolved. Anticipated resolution of the referenced condition is June 30, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Status of Prior Years' Comments to Management, Continued

Condition

Currently, HASCP receives from its fee accountant monthly financial statements on a combined basis for the balance sheet and individual statements of operation. Considering that the "REAC" reports, submitted by the fee accountant, have to be prepared on an individual program basis and to facilitate HASCP's ability to review its completed financial statements from an individual program prospective, we recommend that the financial statements format be restructured to allow for the submission of individual balance sheets and statements of operation for each program.

Recommendation

Require the preparation of monthly program financial statements by its fee accountant.

Current Status

Unresolved. Management continues to discuss with its fee accountant, the feasibility of a semi-annual individual financial statements. Anticipated resolution date is June 30, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

(CONTINUED)

Status of Prior Years' Comments to Management, Continued

Condition

Currently, HASCP does not have a written policy to facilitate the allocation of shared cost between programs.

Recommendation

HASCP should develop a written policy to address the allocation of shared cost between programs.

Current Status

Unresolved. Management anticipates the development and implementation of a cost allocation policy by no later than July 31, 2007.

Condition

Considering the size of HASCP, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of HASCP's assets.

Recommendation

Management and the Board of Commissioners should continue to provide the necessary oversight in key internal control areas.

Current Status

Partially resolved. Management and the Board will continue to provide the necessary oversight in key internal control areas.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2007